## Message Text

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R 290848Z JUN 77 FM AMEMBASSY JAKARTA TO SECSTATE WASHDC 2066

CONFIDENTIAL JAKARTA 8574

E.O. 11652: GDS

TAGS: SHUM, EAID, EFIN

SUBJECT: HUMAN RIGHTS AND INTERNATIONAL FINANCIAL INSTITUTIONS

**REF: STATE 143997** 

- 1. SUGGESTION THAT WE INFORM GOI THAT WE WILL BE KEEPING HUMAN RIGHTS CONSIDERATIONS IN MIND IN REVIEWING UPCOMING IFI LOANS RAISES POSSIBLE SERIOUS QUESTIONS AT THIS POST. WE UNDERSTAND DEPARTMENT'S DESIRE THAT COUNTRIES BE WARNED OF ACTIONS WHICH MIGHT STEM FROM CURRENT CONGRESSIONAL CONCERNS. HERE IN INDONESIA, HOWEVER, THERE ARE CIRCUMSTANCES WHICH, IN OUR VIEW, ARGUE AGAINST SPECIFIC APPROACH AS PROPOSED UNLESS DEPARTMENT FEELS THERE ARE OVERRIDING REASONS.
- 2. SENSITIVITY ALREADY EXISTS OVER U.S. ATTITUDES TOWARD INTERNATIONAL LENDING INSTITUTION LOANS FOR INDONESIA. INDONESIANS HAVE NOT GORGOTTEN THAT TWO YEARS AGO WE VOTED AGAINST SOFT ADB LOAN ON GROUND INDONESIA'S BALANCE OF PAYMENTS. WE HAVE JUST ASKED INDONESIANS TO POSTPONE CONSIDERATIONS ON PALM OIL PROJECT IN IBRD BECAUSE OF U.S. CONGRESSIONAL SENTIMENTS AND HAVE TOLD THEM WE WILL VOTE FOR LOAN AT LATER DATE. (STATE 133708).

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3. INDONESIANS ARE TAKING STEPS IN HUMAN RIGHTS AREA LARGELY AS RESULT QUIET PRESSURES FROM U.S. THEY APPEAR TO BE PROCEEDING WITH RELEASES OF 1965 DETAINEES AS PROMISED LAST DECEMBER 1. THEY MADE SPECIAL EFFORT TO ACCOMODATE CONGRESSIONAL SUB-COMMITTEE ON VISITS TO TIMOR. WE ARE DISCUSSING SUITABLE PROGRAM FOR VISIT OF PATRICIA DERIAN. WE ARE PRESSING THEM TO RE-ADMIT ICRC FOR EXIMINATION

DETENTION CAMPS. THEY ARE CONSIDERING PROPOSAL FOR VOLUNTARY AGENCY HELP TO EAST TIMOR.

- 4. INDONESIAN GOVERNMENT OFFICIALS, PARTICULARLY IN FOREIGN OFFICE, ARE FOLLOWING U.S. DECLARATIONS AND CONGRESSIONAL DELIBERATIONS ON HUMAN RIGHTS VERY CLOSELY. THEY DO NOT NEED TO BE INFORMED OF SUCH DELIBERATIONS. TO DO SO IN ANY OFFICIAL MANNER, HOWEVER WE WORD IT, WOULD SUGGEST OUR INTENTION TO APPLY LEGISLATIVE RESTRICTIONS DIRECTLY TO INDONESIA
- 5. OUR OWN AID PROGRAM IS DIRECTLY TARGETED TO POOR MAJORITY AND ATTACKS BASIC HUMAN RIGHTS TO FOOD, HEALTH CARE AND EDUCATION AS SET FORTH BY SECRETARY VANCE IN HIS LAW DAY ADDRESS. INDONESIANS ARE AWARE OF THE NEED FOR THE AID PROGRAM TO REFLECT HUMAN RIGHTS CONCERNS. INDONESIAN FIVE-YEAR PLAN, ITSELF, HAS HEAVY EMPHASIS ON SOCIAL JUSTICE.
- 6. OTHER THAN "AMBER" CHARACTERIZATION OF INDONESIA BY AID, I AM NOT AWARE OF ANY DECISION TO PUT INDONESIA IN CATEGORY WHICH WOULD REQUIRE OPPOSING LOANS IN IFIS. IF WE ARE MOVING IN THAT DIRECTION, THAT IS SERIOUS BUSINESS WHICH COULD AFFECT OUR BROADER INTERESTS IN THIS COUNTRY.
- 7. APPROACH TO INDONESIANS AS SUGGESTED IN REFTEL WOULD, CONFIDENTIAL

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THEREFORE, IN OUR VIEW, SUGGEST TO THEM THAT WE HAVE MADE OR ARE SERIOUSLY CONSIDERING DECISION TO PLACE THEM FORMALLY AMONG COUNTRIES THAT ARE CONSISTEN VIOLATORS OF HUMAN RIGHTS. AS LONG AS WE CONTINUE QUIET DIPLOMACY, I FEEL WE CAN MAKE PROGRESS. TO SUGGEST THAT WE ARE NOW RESORTING TO MORE DIRECT PRESSURES WOULD NOT EXPEDITE IMPROVEMENTS AND COULD RESULT IN DISRUPTION OF DELICATE DIALOGUE WE HAVE WITH INDONESIANS ON HUMAN RIGHTS.

- 8. I WOULD HAVE NO HESITATION IN INFORMAL CONVERSATION WITH SENIOR OFFICIALS TO MENTION CONGRESSIONAL CONSIDERATION OF HUMAN RIGHTS IN RELATION TO IFI LOANS, INCLUDING DEPARTMENT'S SUPPORT FOR HUMPHREY AMENDMENT AS OPPOSED HARKIN AMENDMENT. SUCH APPROACH WOULD WARN THEM OF PROBLEM BUT WOULD AVOID POSSIBLE REACTION TO FORMAL DEMARCHE WHICH WOULD SPECIFICALLY IMPLY THAT INDONESIA IS COUNTRY WHERE WE MAY BE CONSIDERING APPLICATION OF THIS POLICY.
- 9. FOR OUR INFORMATION IT IS NOT CLEAR WHETHER APPLICATION OF HUMAN RIGHTS SITUATION TO IFI LOANS WOULD APPLY TO ALL PROJECTS OR SIMPLY TO THOSE NOT DIRECTED AT

RURAL POOR. NEWSOM

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